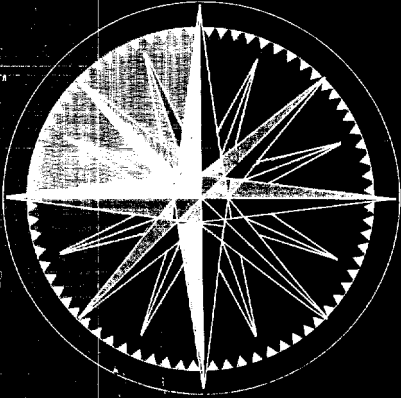


7 June 1963

OCI No. 0283/63

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WEEKLY SUMMARY

OFFICE OF CURRENT INTELLIGENCE

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CENTRAL INTELLIGENCE AGENCY

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C O N T E N T S

(Information as of 1200 EDT, 6 June 1963)

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SOVIET AND CUBAN MILITARY ACTIVITY Cubans seem to be training in cruise-missile operations at Campo Florido	2

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THE COMMUNIST WORLD

SOVIET BLOC GROUND FORCES EQUIPMENT New equipment being issued is improving the firepower, mobility, and conventional combat capability of Soviet and European satellite ground forces.	3
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RUMANIAN OPPOSITION TO ECONOMIC INTEGRATION POLICIES A high-level Soviet delegation which visited Rumania from 24 May to 5 June apparently made little headway in settling Soviet-Rumanian differences.	4
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CZECHOSLOVAK REGIME EASES CULTURAL POLICY A marked softening, if not reversal, of the hard-line policy will probably encourage still more demands for change, regardless of Moscow's position.	5
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PROSPECTS FOR CHINA'S SUMMER HARVEST NOT GOOD Because of unfavorable weather, the important early grain crop will probably not exceed last year's poor harvest; Peiping is purchasing more grain from the West.	6
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THE COMMUNIST WORLD (continued)

Page

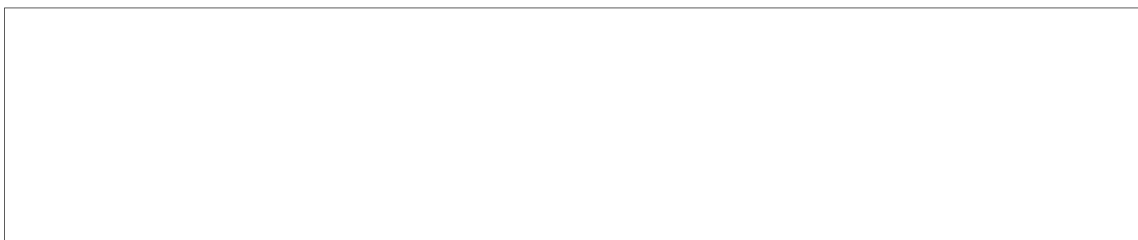
the officer corps over the slow pace of modernization, as well as a feeling that political controls hamper the armed forces' effectiveness. (Published separately as Special Report OCI No. 0283/63A)

ASIA-AFRICA

LAOS TALKS MAY RESUME

7

While Premier Souvanna and Prince Souphannouvong spar over arrangements, Communist military activity is increasing.



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AFGHANISTAN RESUMES RELATIONS WITH PAKISTAN

8

This will strengthen the new regime of King Zahir and Prime Minister Yusuf, open the Pakistani access route to Afghan trade, and could allow the government to ease its Soviet-supported military program.

RELIGIOUS LEADERS SPARK RIOTS IN IRAN

9

Opposition to women's suffrage and land reform underlies the demonstrations, but the mullahs apparently lack broad popular support and the security forces seem ample to handle the disturbances.



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INTERNAL PROBLEMS BESET YEMENI REGIME

10

President Sallal apparently sees union with Egypt as the answer to financial difficulties and religious friction, but Nasir is unlikely to approve.

KENYATTA'S PARTY VICTORIOUS IN KENYA

11

As the country's first prime minister, Kenyatta has named a well-balanced, comparatively moderate cabinet to consolidate his victory and prepare for independence early next year.

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EUROPE

Page

COMMON MARKET DISCORDS

12

EEC agricultural and foreign ministers made some progress on minor problems at their 30-31 May meetings in Brussels, but the Community remains deeply divided on key issues.

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WESTERN HEMISPHERE

SITUATION IN HAITI

15

Open manifestations of resistance to the dictator continue to decline, but any effort to implement Duvalier's "self-sacrifice" economic program could touch off new demonstrations.

CONTINUED STALEMENT IN BRITISH GUIANA

15

The general strike which began on 22 April has become a test of political strength, with the likelihood of violence increasing.

ELECTIONS STILL SET FOR 9 JUNE IN PERU

16

However, the military may still cancel or invalidate them to prevent a victory by a leftist presidential candidate.

ARGENTINE POLITICAL DEVELOPMENTS

17

Prospects appear improved for holding elections on 7 July as scheduled, but considerable uncertainty still surrounds selection of key candidates.

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Cuba

CASTRO'S REPORT ON HIS SOVIET VISIT

Castro's 4 June report to the Cuban people on his visit to the Soviet Union added little substantive information to that contained in the 23 May joint Cuban-Soviet communiqué. His report does, however, reinforce the implications in the communiqué that Cuba intends for the present to concentrate on the consolidation of the revolution and avoid provocations of the United States. It also seems apparent that the visit has resulted in at least a temporary resolution of Cuban-Soviet irritations, and has brought Cuba closer to Moscow's side on a wide range of issues in the Sino-Soviet dispute.

Castro was effusive in his praise of all things Soviet and particularly of the organization and efficiency of Soviet industry and agriculture. By contrast, he was unusually deprecatory of Cuban progress and abilities in the efficient organization of production.

On economic matters, Castro said Khrushchev himself had suggested the increase in the price Moscow pays for Cuban sugar but revealed that the increase agreed upon was only from 4¢ to 6¢ per pound, whereas the world market price is in the neighborhood of 12¢. The effect will be to increase the balance-of-payments support Moscow must grant to compensate for the imbalance in Cuban-Soviet trade.

Thus it is essentially a "book-keeping" operation, although it does increase long-term Cuban indebtedness to the Soviet Union.

On military matters, Castro said he had been highly impressed during his visit to Soviet missile installations and praised Soviet weapons technology as "the basis of superiority over the imperialists." He made no references to any Soviet promises of future military assistance.

On the Sino-Soviet dispute, the Cuban leader stated that he had urged "the need for discussions" to overcome differences between world Communist parties. He said, "We have to understand the Soviets and the Chinese," but emphasized that Khrushchev is working for "unity in the socialist camp."

Soviet propaganda on the results of Castro's visit continue to reflect the importance the Soviet leaders attach to the visit as a symbol of Cuban support of Soviet views prior to the Sino-Soviet bilateral talks set for 5 July. Pravda's 26 May editorial singled out the Cuban-Soviet communiqué's endorsement of Soviet peaceful coexistence policies and its appeal for Communist unity. Pravda pointedly added its own comment that coexistence is the "only" correct policy and that any "violation" of unity is a disservice to world Communism.

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Cuba

SOVIET AND CUBAN MILITARY ACTIVITY

[redacted] cruise missile equipment, apparently from the training facility at Campo Florido, was observed set up adjacent to the operational cruise missile site at Santa Cruz del Norte, 25 miles east of Havana. The equipment was apparently returned to Campo Florido [redacted]
This second apparent mobility exercise within a month involving the Campo Florido installation suggests that Cubans are training in cruise missile operations there, [redacted]

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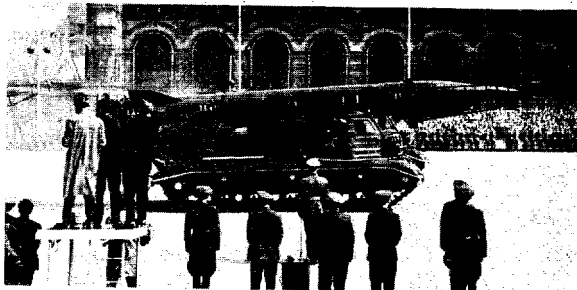
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CURRENT INTELLIGENCE WEEKLY SUMMARY

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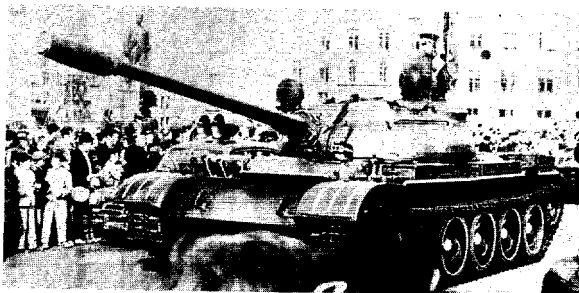
**SELECTED SOVIET GROUND EQUIPMENT DISPLAYED IN MAY DAY PARADE
MOSCOW, 1963**



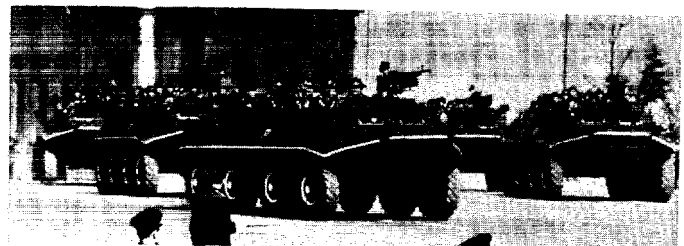
SS - 1 (SCUD) SURFACE-TO- SURFACE MISSILE



SWATTER ANTI-TANK MISSILES



T-55 MEDIUM TANK
(SIMILAR IN APPEARANCE TO T-62)



AMPHIBIOUS ARMORED PERSONNEL CARRIERS
(EIGHT WHEELED)

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The Communist World

SOVIET BLOC GROUND FORCES EQUIPMENT

[redacted]

confirmed the wide spectrum of combat armament and equipment becoming available to bloc ground forces. Despite the obvious Soviet emphasis on tactical nuclear weapons, military planners have not neglected development of conventional arms.

The highlight of a display in May by the Group of Soviet Forces, Germany (GSFG) was the first appearance in the field of a T-62, the USSR's new medium tank. This is the latest Soviet answer to the US M-60 and is further evidence that Moscow recognizes the prime importance of armor in either nuclear or conventional combat. The T-62 mounts a 115-mm. smooth-bore gun which uses armor-piercing ammunition with the very high muzzle velocity of 5,300 feet per second, as compared with 3,300 for the 100-mm. projectile fired by the earlier T-55. This significant firepower increase allows the T-62's gun to penetrate 4.5 inches of armor under optimum conditions at 60 degrees obliquity. Although the new gun increases the tank weight by a half ton (to 40.5 tons), it does not materially affect the tank's mobility.

The tactical surface-to-surface SS-1 (Scud) missile, although not a new weapon, was sighted for the first time last month in the GSFG. The Scud has a nuclear as well as a conventional and chemical capability up to 150 nautical miles. Recent evidence has disclosed the presence of SS-1s in both Czech and Bulgarian ground units, strongly suggesting that all satellites

now have or will shortly receive this weapon. 25X1

The Soviets have also integrated antitank guided missiles into their ground units. Both the wire-guided Snapper and the Swatter (guidance undetermined) --recently seen in East Germany-- are mounted on amphibious scout cars--3 Snappers or 4 Swatters per car. Both are believed to have the same general characteristics: the capability to engage targets in the 500- to 2,700-yard range and to penetrate 14-16 inches of armor.

An eight-wheeled amphibious armored personnel carrier (the BTR-60P) has apparently now largely replaced the outmoded BTR-152 in motorized rifle regiments. This new vehicle will increase lift capacity and cross-country mobility. In conjunction with other engineer improvements in ferry and bridge equipment, this carrier, when completely issued, will make more plausible the Soviet planned advance rate of 100 kilometers (62 miles) per day, despite numerous water crossings in Europe.

The issuing of this equipment indicates that the Soviets are continuing to improve and increase their firepower, mobility, and combat capability through a sustained equipment modernization program. This program implements the Soviet tactical doctrine that all ground forces on the nuclear battlefield will have to count on fighting as self-contained formations, capable of conducting sustained combat, probably without contact with other friendly units.

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The Communist World

RUMANIAN OPPOSITION TO ECONOMIC INTEGRATION POLICIES

A high-level Soviet party delegation which visited Rumania from 24 May to 5 June apparently made little headway in resolving the differences between Moscow and Bucharest on certain Soviet-sponsored economic integration policies. The partial Russian commentary so far available gives no conclusive indication of the outcome, but statements from Bucharest suggest little or no change in the views of the Rumanian regime. Both sides, however, paid lip service to the concept that the "socialist" countries are bound by common aims and ideology.

Although the Soviet delegation did not include any top officials of the Council for Mutual Economic Assistance (CEMA), it was led by presidium member and Ukrainian party Secretary Nikolai Podgorny and included Alexei Yepishev, former ambassador to Rumania. Such direct political intervention by Moscow probably was designed to persuade Rumania that its national economic interests and cooperation with CEMA are not incompatible.

Rumanian party First Secretary Gheorghiu-Dej, at a final meeting with the delegation on 4 June, personally and publicly endorsed the position of the regime. This followed by six days a speech by party Secretary Ceausescu, also in the presence of the Soviet delegation, at the Brasov Tractor Works which made it clear that Rumania remains adamant.

Ceausescu said the Rumanian Workers Party accepts Lenin's instructions that the development of heavy industry is obligatory for every country building socialism. This statement is similar to one published in the Bucharest City Agitator's Notebook on 1 May. Dej not only reiterated these arguments but also stressed the need to recognize national sovereignty and independence--a reference earlier used in the communiqué of the Rumanian party central committee plenum in March.

Ceausescu also said, although Dej apparently did not, that "equalization of the level of development of socialist countries is an indispensable condition for the construction of Communist society." This view is shared by the Chinese Communists, although it has never been so explicitly stated even by them. His resort to an ideological argument similar to that used in the past by Communist China in its dispute with the USSR and his reference to Lenin's instructions may reduce the chance of compromise.

Publication of the full text of Ceausescu's speech in Pravda on 31 May was Moscow's first public admission of the existence of a disagreement with Rumania.

Concern reportedly has been mounting among the other satellites about Rumania's obstructionist stand. Additional information about the hastily arranged Kadar-Gomulka meeting on 16-18 May indicates that Hungary and Poland may make joint efforts to help resolve the conflict.

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The Communist World

CZECHOSLOVAK REGIME EASES CULTURAL POLICY

At the recent Writers Union and Journalists Union congresses in Czechoslovakia, the regime, apparently in response to pressure by the intellectuals, showed a willingness to permit at least the beginnings of real de-Stalinization in the arts. In spirit and atmosphere these congresses were highly critical of the regime, and there were repeated demands for an end to "Stalinist" repression of the arts.

Ignoring the hard-line conclusions of the 1959 writers conference, the just completed third congress of the Czechoslovak Writers Union reverted to the liberal line taken at its second congress in 1956. Three new secretaries, all liberals, were elected. Hard-line Chairman Ivan Skala retained his post, but not without espousing some of the liberals' causes.

Representing the party, Jiri Hendrych delivered a mild speech, the gist of which was "we trust you to help us build communism." After lengthy and somewhat apologetic remarks on the economy, Hendrych reminded the writers of their duty to educate the youth and to fight bourgeois idealism. From the writers' point of view his most promising remarks were his warning against publicly ostracizing an individual who comes under literary or political criticism, and the statement that writers are "not expected to illustrate slogans and appeals" even though they must "not be isolated from the main stream of political life."

A heated discussion followed in which leaders of the union were criticized for failing to oppose past campaigns against various writers. There were repeated appeals for more contact with Western intellectuals, if only to "know the enemy," and for an end to repressive measures. Traditional hard-liners jumped on the bandwagon of liberalization but came in for criticism nonetheless.

Both the Czechoslovak and Slovak journalists congresses reflected the same line in their appeals for a freer press with less "direction from above." The Slovaks, as at their own writers congress in April, were more outspoken in their demands than the Czech journalists and even criticized them for not going far enough.

This marked softening, if not reversal, of party leader Novotny's hard-line cultural policy may have stemmed from growing pressures upon him at home to liberalize--regardless of Moscow's position. The lively discussions at the Writers Congress and Hendrych's response containing repeated appeals for moderation, cooperation with the party, and devotion to socialism indicate that the regime's new position is by no means unanimously approved or 100-percent liberal. The regime, however, did nothing at the recent congresses to stop the growing criticism, and its promise not to punish artists guilty of "incorrect" political views will tend to encourage still more demands for change.

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The Communist World

PROSPECTS FOR CHINA'S SUMMER HARVEST NOT GOOD

China's early grain crops --which normally supply one fourth of its total annual grain production--will probably be no better this year than last year's poor harvest because of unfavorable weather and the failure to expand acreage.

Despite favorable planting conditions for winter wheat, the regime apparently did not maintain even last year's below-normal acreage. Although weather conditions for this wheat were generally good through the winter, spring weather has included cold waves, dryness in the northern part of the wheat belt, and excessive rain in the southern portion.

While Peiping claims that the wheat crop is growing better than in the past two years, it has displayed considerable concern that waterlogging may interfere seriously with the harvest. Heavy rains throughout the last months in the area of the Huai and Yangtze rivers have brought water levels up to flood stage in some areas. Heavy monsoonal rainfall is normal in this area during June and July.

Severe and prolonged drought in South China may already have caused losses in the early rice crop. Additional losses are certain if there is further delay in the arrival of the monsoon rains. Coastal areas in southeast China are suffering one of the worst droughts in history; Hong Kong has had only 2.5 inches of rain this year compared with a normal 25 inches for the period. The drought has already delayed transplanting of rice, and resultant delays in harvesting will interfere with the carefully balanced schedule for planting of intermediate and fall crops.

In the meantime, Peiping continues to purchase grain from the West. A new contract was signed on 31 May with Australia for 1.2 million tons of wheat, bringing total Western contracts for delivery this year to approximately 4.5 million tons. This figure may be raised after a Canadian grain-selling mission completes its scheduled meeting with the Chinese this month. Peiping has the option of buying 1.5 million tons of grain from Canada on the basis of an existing agreement which runs through the end of this year.

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Asia-Africa

LAOS TALKS MAY RESUME

Premier Souvanna has accepted a proposal by Pathet Lao leader Prince Souphannouvong for resumption of talks at the Plaine des Jarres airfield, but they have not yet agreed on arrangements.

Souvanna has rejected Souphannouvong's conditions that a Pathet Lao guard force be present, that Kong Le release certain Pathet Lao prisoners beforehand, and that neutralist ministers come to Pathet Lao headquarters at Khang Khay for preliminary discussions. In his answer Souvanna pointed out that he did not have a security detachment at the previous meetings at Khang Khay, and that preliminary details could be handled by Pathet Lao representatives stationed in Vientiane.

Communist military activity, meanwhile, has been stepped up, and Kong Le's position on the Plaine des Jarres is further threatened. Communist pressure is concentrated against neutralist positions at Lat Bouak, on the northern edge of the plain, and against Phou The-neng, a hill commanding Route 4 near Lat Houang on the southern edge. Capture of these positions

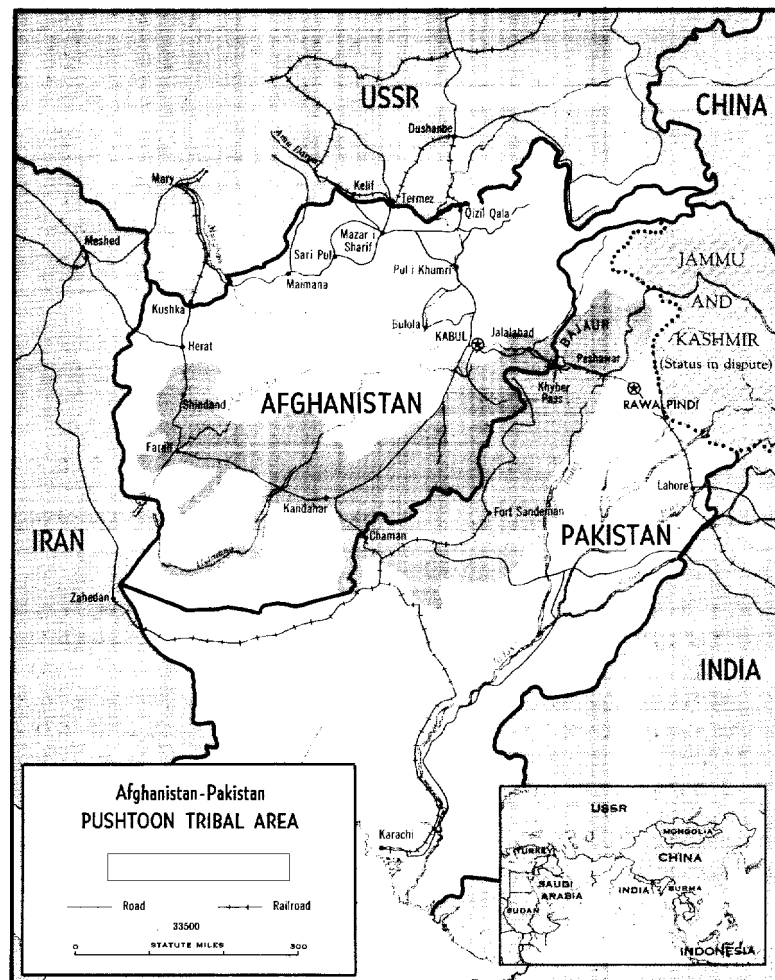
would improve Pathet Lao capability to move against Kong Le's bases at Muong Phan and Muong Kheung.

The Communists have also increased pressure on Kong Le garrisons in south-central Laos. Although direct clashes have not yet occurred, Communist intimidation has led to withdrawal of Kong Le forces from Muong Phine, while the position of other neutralist troops at Mahaxay and Nhommarath is also in jeopardy. The morale of Kong Le's forces both in the Plaine des Jarres and elsewhere is low.

The USSR continues to support Pathet Lao efforts to paralyze the International Control Commission (ICC) and to blame the US for the deteriorating situation. Moscow agreed to the 29 May co-chairman's appeal for negotiations among the three Laotian factions only after gaining British consent to a formula designed to strengthen Communist insistence that all important ICC decisions require both unanimity within the commission and the consent of the Laotian coalition government.

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Asia-Africa

AFGHANISTAN RESUMES RELATIONS WITH PAKISTAN

The resumption of relations between Afghanistan and Pakistan after a 21-month break was announced on 28 May. This should strengthen the new regime of King Zahir and Prime Minister Yusuf in Kabul and help it return to a more balanced neutral position between the West and the bloc.

The agreement provides for the re-establishment of consular and trade as well as diplomatic relations, all of which had been demanded by Kabul. The Afghan Government now will again allow Afghan trade with the free world to use the natural Pakistani route rather than require it to go through Iran or the Soviet Union--a move Afghan trading interests will welcome.

The improvements in relations with Pakistan will give Kabul less reason to channel resources into its military establishment. This could help restore a more cautious approach to Soviet military assistance programs, which include military training. However, Kabul probably will continue to avoid any abrupt actions which might raise doubt about its relations with the USSR.

The fall in March of the Pakistan-baiting Daud regime set the stage for the agreement by allowing Pakistan to ease its own line toward Kabul. Once negotiations got under way, the Ayub government agreed to Kabul's principal terms

Pakistan hopes that the agreement will encourage favorable trends in Kabul, and is using it to underscore its own flexibility on regional disputes in contrast to India's alleged obstruction of progress regarding Kashmir.

The two countries thus side-stepped the dispute which led to the break in relations in September 1961--Afghanistan's demands that the Pushtoon tribes living on the Pakistani side of the border be given the right of self-determination. Although the new Afghan regime has obtained a settlement essentially on the same terms set by the Daud government, it will still have to cope with die-hard supporters of Daud's Pushtoonistan campaign who may continue to agitate on the issue.

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Asia-Africa

RELIGIOUS LEADERS SPARK RIOTS IN IRAN

The rioting that began in Tehran on 4 June and has spread to other Iranian cities arises out of religious opposition to two key elements of the Shah's reform program--women's suffrage and land redistribution. The direct leadership is provided by religious leaders (mullahs) of the Moslem Shiite sect, but it is likely that other opposition groups, such as landowners and University of Tehran students, have had a hand in the demonstrations.

The tension between the government and the fanatic element among the clergy has been growing in recent months, with clashes between mullah-led crowds and government forces occurring in several cities. The government was forewarned that trouble could be expected during the annual month-long period of religious mourning that began on 25 May. It decided, however, to permit religious processions and gatherings and even anti-government statements in sermons as long as the Shah was not personally attacked. Meanwhile, a strong effort was made to split the mullah leadership and win over influential Shiite personalities to the government's cause.

After a dispute between local security forces and a group of religious demonstrators in the shrine city of Meshed in northeast Iran resulted in the death of a policeman, the government reacted by arresting the spiritual leader of the

Shiites, Ayatollah Khomeini, and a number of his closest supporters. The massive demonstrations which partially wrecked the Tehran bazaar on 5 June were initially in response to his arrest.

Although the mullahs have incited the bazaar crowds of the larger centers to violence, they appear to have little real support among the Iranian people generally, who voted overwhelmingly for the Shah's program in the 28 January national referendum. Iranian officials seem convinced that Egypt's Nasir is behind the planning and organization of the rioting.

Military and security forces seem ample to cope with the disturbances, although their leaders will need to use them more effectively than they have done with tribal insurgents. Both gendarmerie and military units used against the Tehran rioters on 5 June appeared willing and well disciplined, and their loyalty seems unquestionable.

The Shah is evidently determined to deal harshly with the leaders of the disturbances, but if the trouble intensifies to the point where it seems to threaten general internal security he might seek to temporize or come to terms with the opposition. His tactic in this case might be to find a scapegoat, perhaps Prime Minister Alam, whom he could dismiss.

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Asia-Africa

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INTERNAL PROBLEMS BESET YEMENI REGIME

The Yemeni republican government is beset with a growing number of internal problems--primarily financial difficulties and religious frictions--which it apparently hopes to ease by uniting with Egypt. President Sallal now is in Cairo probably making a strong plea to Nasir, who is reluctant to assume Yemen's problems.

Dissatisfaction within the regime with Sallal's leadership has also been increasing.

[redacted] On 26 May, the government arrested several civilians and military personnel on charges of plotting, and at least three were executed and dragged through the streets.

The Yemeni disengagement agreement remains bogged down in the UN pending Soviet agreement to forego a formal Security Council meeting to approve the UN inspection operations in Yemen. The long delay has lessened considerably the chances of successfully implementing the plan.

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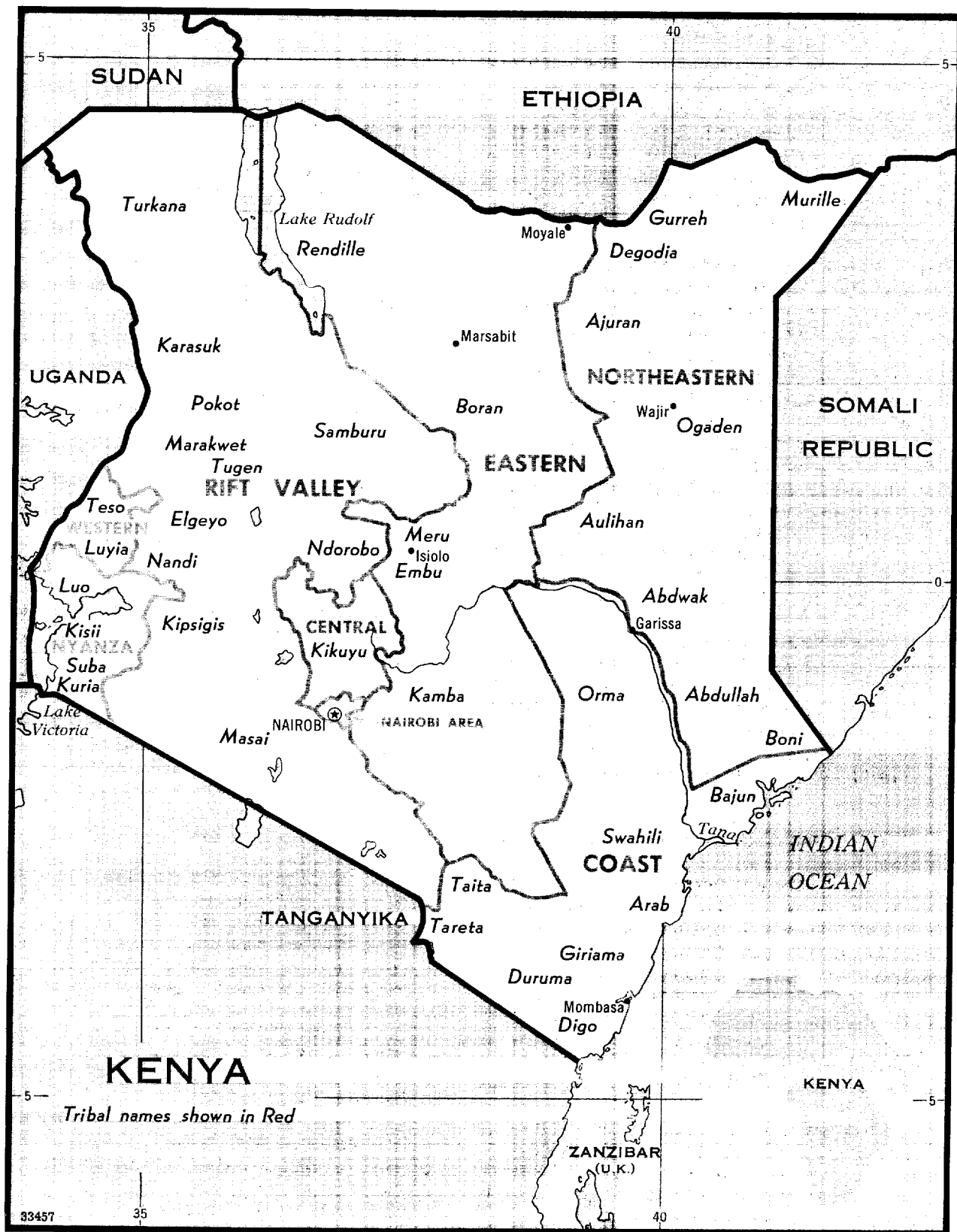
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Asia-Africa

KENYATTA'S PARTY VICTORIOUS IN KENYA

Kenya's first prime minister, Jomo Kenyatta, appears to be moving rapidly to consolidate his party's overwhelming victory in the late May elections and to prepare his country for independence early next year.

Kenyatta's National Union (KANU) won control of both houses of the National Assembly--including nearly two-thirds of the all-important lower house--and three of the six regional assemblies selected. The rival Democratic Union (KADU), with 24 percent of the vote, succeeded in preventing KANU control of the three regions inhabited by the lesser tribes and in winning enough seats in the Senate to block any post-independence constitutional change. Kenyatta will probably proceed cautiously to avoid inciting KADU's tribes to violence, lest independence be delayed.

The 15-man cabinet is a capable, comparatively moderate group, well representative of the country's tribes and regions. The 65-year-old Kenyatta has balanced the various KANU factions with evident success and preserved full flexibility for eventually designating his heir apparent. KANU's capable secretary general, Tom Mboya, named to the relatively insignificant Ministry of Justice and Constitutional Affairs, will nevertheless be responsible for constitutional and independence negotiations with the British and laying the groundwork for an

east African federation. Communist-tainted opportunist Oginga Odinga received the Ministry of Home Affairs--stripped of its police and internal security functions.

The British governor has "delegated responsibility" for his reserved powers--foreign affairs, defense, and internal security--to Kenyatta. Joseph Murumbi, as Minister of State at the Prime Minister's Office, will probably play a major role in these sensitive areas. Murumbi, a Goan-Masai half-caste educated in India, recently rose to prominence as KANU's treasurer. An able organizer, he was largely responsible for KANU's unexpected cohesion during the campaign.

KANU leaders are likely to regard their election victory as a mandate for early constitutional change. KANU would like to curtail the powers of the regional assemblies and simplify the present, almost unworkably complex constitution. Mboya expects to go to London on 12 June to arrange for a final, pre-independence constitutional conference this fall.

KANU is also strongly committed to forming a federation with Uganda and Tanganyika. Kenyatta has already met with their prime ministers to discuss continued economic cooperation, the creation of a combined military establishment, and eventual political union.

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Europe

COMMON MARKET DISCORDS

The basic conflicts in the Common Market continued to be evident at the 30-31 May meetings of the EEC agricultural and foreign ministers in Brussels. Progress was made on lesser issues, such as relations with Latin America, Turkey, and Iran, but on the key questions of relations with London and Washington, the Community remains deeply divided. On internal problems, such as agriculture, nationalist and protectionist sentiments are major obstacles to further integration, and the institutional machinery creaks and groans under the weight of the decisions it has to produce.

The 30 May decision of the agricultural ministers to increase the import levy on poultry--despite strong US pressures for a reduction--is indicative of these strains. The action was apparently taken without clearance with the foreign ministers. Subsequent attempts to reduce the levy were vetoed by West Germany, evidently because the EEC's poultry policy heretofore has permitted subsidized Belgian and French poultry to invade the German market.

The growing predominance in EEC affairs of "technical" ministers of the member countries and the corresponding decline in the influence of the foreign and economic ministers

and of the "independent" EEC Commission has been increasingly recognized in the EEC as a dangerous trend. The technical ministers have shown themselves not only highly responsive to pressures from national interests and lobbies, but also lacking in appreciation of the EEC's responsibilities to the outside world. However, West German Foreign Minister Schroeder, who has proposed measures to correct the situation, did not attend the Brussels meetings, nor did such ardent integrationists as Spaak of Belgium and Luns of the Netherlands.

Developing frictions between France and West Germany were especially evident in the widely publicized clash between Erhard and Couve de Murville over a German proposal for formalized consultations between the UK mission in Brussels and the permanent delegations of the six EEC countries. Although Couve held that such arrangements would give London undue influence over EEC policy, Erhard adamantly insisted on a special relationship for Britain--making it clear that, until it is established, Bonn might stall indefinitely on farm policies of interest to France.

The desire to avoid a general fiasco probably accounts

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for some headway being made on other issues. The ministers did, for example, agree to propose the establishment of "contact groups" between the EEC and the Latin American missions accredited to the Community. Despite Greek objections, the ministers also agreed on the terms of an "association" offer to be made to Turkey. The offer includes preferential entry into the EEC for several export items of importance to the Turks--an approach which the EEC is proposing also to take with Iran, and which has been cited by the US mission in Brussels as evidence of an EEC tendency to wink at the most-favored-nation principle.

The ambiguities in Bonn's European policies in general and the views of Erhard in particular were also a disquieting feature of the Brussels proceedings. An ardent advocate of freer world trade, Erhard was helpful at the recent GATT ministerial meeting in opposing the EEC's more protectionist forces. He is also admired both inside and outside the Community for his apparent willingness to "stand up to

De Gaulle."

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Moreover, Erhard has a long record of support for a preferential industrial free trade area in Western Europe and an equally long record of opposition to a fully integrated economic union of the Six. He is no friend of the Common Market experiment, which he considers too narrow and too prone to plan on the French model. As recently as 27 May, he told Ambassador McGhee that he thought the EEC should be composed of "free and equal nations" and that trade and tariff negotiations are too important to be entrusted to the "bureaucratic" EEC Commission. From the standpoint at least of opposing the development of tighter Community institutions in Brussels, De Gaulle may find in Erhard an ally rather than an enemy.

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Western Hemisphere

SITUATION IN HAITI

Open manifestations of domestic resistance to the Duvalier government continue to decline, but there has been no letup in hostility toward the regime.

The populace's deeply ingrained fear of government repression is evidently preventing any substantial overt expression of opposition at this time, however.

Further unrest among domestic elements could be provoked if Duvalier implements the plan he announced on 22 May for an elaborate "self-help" economic development program. This so-called "Plan of Urgency" is to be based primarily on financial and other "self-sacrifices" by the people and the business community. Duvalier has also made it clear that he would accept foreign aid from any source if no strings were attached.

While the "Plan of Urgency" appears to have been initiated largely for propaganda purposes, it might involve moves by the regime to impose new tax burdens and extract additional "voluntary contributions" from the populace. Such efforts could backfire by touching off more antigovernment demonstrations.

CONTINUED STALEMATE IN BRITISH GUIANA

A settlement of British Guiana's general strike, which began on 22 April, may be in the offing although considerable difficulties persist. As of 5 June no date had been set for resumption of negotiations between the government and the Trades Union Congress, and both sides are fearful of further compromises in a struggle that has become a test of political strength.

Things have not gone well for Premier Jagan. Not only does he seem to have lost ground among elements who have been his staunchest supporters, but on 30 May he and three of his followers were suspended from Parliament for the rest of the session for insulting the speaker. He was unable to reverse this suspension by legal action.

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Jagan is thus technically without a parliamentary majority but as premier he can, with the governor's permission, regain control by proroguing Parliament and then calling a new session. He could also call new elections. In any case, his opponents seem to be at a loss as to what to do in the event Jagan should lose office.

Meanwhile, the threat of violence is increasing. The governor has banned large public meetings, and some 300 persons were arrested on 2 June in an

effort to prevent further clashes between Negroes and East Indians like the one that occurred last week during the funeral of one of Jagan's ministers. The police are becoming concerned over the increase in incidents and believe it is only a matter of time before a major interracial clash occurs. Violence could also flare up again in connection with the imminent arrival of two ships from Cuba bringing food and fuel which Jagan would use to gain political advantage.

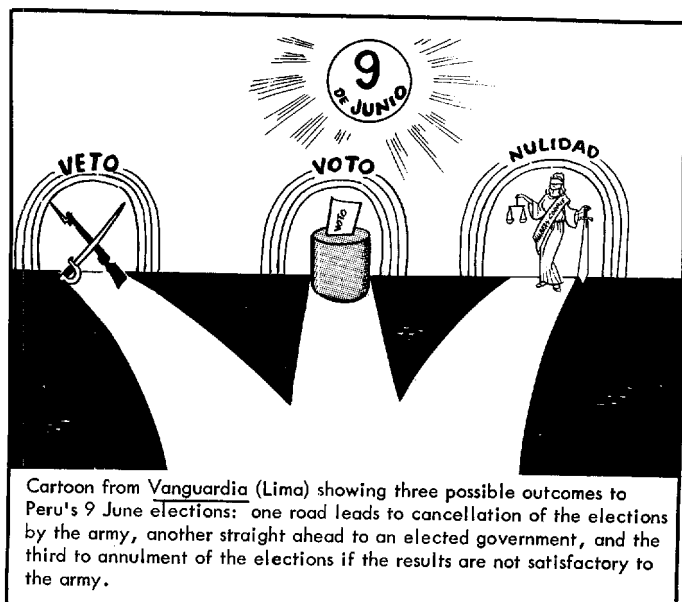
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ELECTIONS STILL SET FOR 9 JUNE IN PERU

All outward signs seem to indicate that Peru's elections will be held on 9 June as scheduled, although rumors persist that the military will either cancel or postpone them at the last minute. Election officials are putting the finishing touches on the administrative arrangements, while the candidates continue to campaign in earnest.

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In the electioneering, there has been a minimum of political horse-trading as all four presidential candidates have preferred to go it alone. There seems to be an equal chance that either Fernando Belaunde, an opportunistic ex-architect, or Haya will win the necessary one third of the total vote to qualify for the presidency. If neither qualifies, or in case of a tie, the selection of a president will be up to the new congress. Whether the military will go along with the verdict remains to be seen.

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ARGENTINE POLITICAL DEVELOPMENTS

Argentina's prospects for holding general elections on 7 July as scheduled appear to be improving. Top military leaders are continuing special security measures and have reiterated their determination to see the elections through. The tension that had been building up during the Peronist-sponsored "Protest Week" has subsided after the one-day general strike on 31 May, which climaxed the protest, passed without violence.

A great deal of uncertainty still surrounds the selection of some key candidates. Ex-president Frondizi's Intransigent Radical Civic Union (UCRI), now headed by Oscar Alende, is threatened with a split over the selection of a presidential candidate. A party meeting has been under way in Cordoba this week to try to decide whether to stand by the UCRI's earlier nomination of Alende or to switch to Vicente Solano Lima, the candidate just announced by the Peronists' Popular Union (UP) Party. As of March, Alende commanded majority support in the UCRI

There is strong military and civilian pressure to block Solano Lima on grounds that he would be a mere tool of Peron, Frondizi, and the latter's adviser, Rogelio Frigerio.

Whatever the UCRI decides will affect the political fortunes of the Peronists, since the UCRI and the UP are the only important members of the seven-party National and Popular Front. While not formally registered as a political grouping, the front members believe that by working together they stand a good chance of electing enough presidential electors to control the electoral college.

In any case, Argentina's electoral system does not bind electors to vote for the candidate of their party, so an element of uncertainty will remain until the electoral college meets on 31 July.

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